**What is in the Kenya draft Budget Policy Statement 2020/2021?**

By Lucas Love on 22nd January 2020

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The Budget Policy Statement (BPS) is one of the national government budgeting and planning document which contains 3Ps and 1 C. That is, performance, priorities, projections and ceilings. This is the first Budget Policy Statement produced under the new CS Amb. Ukur Yatani since he was recently nominated to this position.

In this blog article, I am going to highlight the performance, projections and priorities of Kenya’s national budget as highlighted in the draft budget policy statement 2020/2021. The ceilings will be discussed in the next article in this series.

As expected the national government will prioritize allocation of resources towards the “Big Four Agenda” which is expected to help President Uhuru Kenyatta’s administration to leave a legacy. The CS for the National Treasury and Planning has confirmed once again that the national government will continue pursuing the fiscal consolidation – just a term used by Treasury mandarins to refer to reduction of budget deficits and accumulation of public debt. Sometimes I wonder when will the state technocrats come down from their ivory tower so that we can have a level ground debate about public finance.

My honest opinion is that the Budget Policy Statement 2020/2021 reads more like numerous previous BPS documents. We’ve noted in the past that there is usually copy-cutting involved in building these Public Finance documents. One of these fine days, I will decade an entire page to proof my point.

For now let me give one example, when the National Treasury reports that the national government is increasing efforts to reduce over-dependence on rain-fed agriculture, this sounds like cliché. It fatigues my mind and drains energy from my body. I’ve have heard this statement several times before and no substantial action is taken.

This is a tired narrative which reminds me of the time when the state promised the citizens about putting 1 million acres of land under irrigation. This gave birth to Galana-Kulalu Irrigation Project which later turned into a white elephant. I think we need serious implementers in control and not just theorists who speak big with no action. Let’s hope that the new Cabinet Secretary for Agriculture and Irrigation – Peter Munya – will be able to reverse this narrative. He hit the ground running by going into war with locusts, I ask him to use the same momentum in ensuring that Kenya does not depend on rain-fed agriculture as promised year-after-year in Kenya.

**Performance**

During the first quarter of FY 2019/2020, there were delays in allocation of county revenue as proposed by the revised Division of Revenue Bill, 2019.

The national government failed in its revenue collection efforts by KES 138 billion. All categories such as income tax and ordinary revenues failed short of the set targets. By December, 2019 KES. 112 billion had been transferred to 47 county governments.

**Projections**

The economy is projected to grow by 6.2% in 2020/2021 as well as 6.9% by FY 2023/2024. According to the national treasury, this will be made possible through stable macroeconomic environment, increased investments under the Big Four Agenda, regional economic integration and growth in tourism among other factors.

However, it is important to note that the projected economic growth will face risks such as slow economic growth in advanced economies, low commodity prices and increasing energy prices. There are other risks such as ever increasing public wage bill, impacts of climate change which is responsible for disasters such as droughts, landslides and even destruction of physical infrastructure.

The Kenya National Treasury recognizes that the attack by locusts late 2019 and early 2020 has a risk of reducing agricultural productivity.

**Kenyan economy**

According to the BPS, Kenyan economy is expected to grow by 6.1 percent in 2020 a growth from 5.6% in 2019. During the next three years, the economy is expected to grow by 7% per annum. This is a far cry from the “double digit” economic growth promised by UhuRuto duo during their campaigns in 2017 and even before that. The economic growth is expected to be as a result of the heavy investments in the “Big Four” agenda by Jubilee government.

However, Kenyan economic growth is faster than the global economy which grew by 3% in 2019 and it is expected to grow by 3.4% in 2020. Stressed economies such as Iran, Turkey and Argentina are expected to pick-up well in 2020.

Economic growth in East Africa is expected to improve 6.0% in 2020 from 5.6% in 2019. This economy will ride on the back of improving weather conditions and the ongoing improvements in infrastructure.

**Per Capita income**

Per capita income also known as average income is reported to have increased significantly from KES 113,539 in 2013 to KES 202,859 in 2019. This Per capita income is calculated by dividing total national income divided by the total population in a county. This is the amount of money each of us can get if we were to share our annual national income in Kenya. Unfortunately, this has never been the case, it can only happen in your dreams! There is a small percentage of ultra-rich Kenyans who are responsible for generating most of the national income. If you are doubting me, ask yourself, how much did you contribute to the national income in 2019? Then you will know on which side of the inequality divide you stand!

**Employment Creation**

The National Treasury reports that the national government created 831,000 jobs per year from 2013 – 2018. So, as you cry of high rates of unemployment, the government is chest-thumping on how successful she is in job creation. Basically, on paper there are hundreds of thousands of jobs created by the state. *Lakini kwa* ground *vitu ni*different! As you can see [here](https://www.businessdailyafrica.com/analysis/ideas/Kenya-ticking-unemployment-time-bomb/4259414-5213422-7lqwql/index.html), [here](https://www.the-star.co.ke/business/kenya/2019-07-30-kenyas-unemployment-rate-to-rise-world-bank/) and [here](https://africacheck.org/2018/10/08/analysis-how-many-young-kenyans-are-unemployed-a-look-at-the-numbers/).